

Mid Michigan Community College (MMCC)

Testimony of President Carol A. Churchill before the House Military and Veterans Affairs Committee

Concerning House Joint Resolution M (Knezek – 2013)

September 18, 2013

To the Honorable Committee Chair, Representative Jim Stamas and other honorable members of the House Military and Veterans Affairs Committee,

Thank you for providing me with this opportunity to speak with you today regarding a resolution that seeks to recognize the service of our honorably discharged veterans and active duty members. I am sure that my fellow community college presidents join me in commending you for seeking to demonstrate our appreciation for those who so valiantly and bravely serve our country. My testimony before you today is in no way meant to diminish the importance of their service or our admiration for their willingness to protect all those things we hold dear in the great United States of America.

Rather, my presence here is to make you aware of the very real impact this legislation can have on the very programs and services we provide our veterans and active duty members.

Mid Michigan Community College has a financial model that has been developed over many years, built on our experiences with fluctuating economic cycles and our unique demographics. Our chartered college district includes the five school districts encompassing mostly Clare and Gladwin Counties. Despite eight robust attempts, we have been unable to pass a millage beyond our original charter millage levied in 1964 of 1.5 mills, now rolled back to 1.2232 mills due to effects of the Headley Amendment. However, this failure does not signal lack of support for the college; rather, it is symptomatic of a population characterized by generational poverty and a highly tax resistant aging population. To give you some indication of our demographics, the median age in our counties is about 42 years of age, ranking us in the top fifteen oldest populations in the state. About 15% of our families are below the poverty line and over 32% of our children live in poverty.

Despite an unwillingness to raise taxes, which has also been exhibited in millage attempts by the Regional Educational School District and other local K-12 schools, MMCC is a cornerstone of postsecondary education in central Michigan. We serve about 7,000 students annually. The demand for our services is strong; we change lives by helping students acquire the skills and competencies needed to enter the job market or to transfer successfully to senior institutions to fulfill their academic goals. We fulfill our role despite the fact that we have one of the lowest total revenues per fiscal year equated student (FYES) in the state, at \$7,978 in the 2011-12 fiscal year. By comparison, revenues per FYES for our sister institutions range as high as \$12,025 per student. So, the perennial question we ask at MMCC is this: how do we provide high demand instruction and services, equal in scope and quality to other educational institutions, given this financial picture?

The answer: we have developed a financial model that is somewhat unique to MMCC. Our model revolves around the differential between in-district and out-district tuition. The model has driven us to create a significant out-district presence located in Isabella county and serving the southern region of our area. Our southern presence is defined by the Herbert D. Doan Center for Science and Health Technologies (a capital outlay project completed in 2008 at a cost exceeding \$14 million), and the

Center for Liberal Arts and Business (another capital outlay project currently under construction and budgeted at \$18 million). I thank you for supporting those projects; nearly 7,000 students annually thank you for the high quality educational opportunities and the critical supportive services you have made possible for all stakeholders in our service area. But this substantial investment and a fundamental premise of our decision making has been our ability to set tuition based on the unique circumstances in which Mid Michigan Community College operates. The in-district/out-district differential is the critical factor in our financial equation, making high quality programming possible on both campuses for all constituents. While MMCC may have developed this particular financial model, please understand that all community colleges have made decisions based in some fashion on their tuition setting practices, which reflect the nature of their unique circumstances as well.

The House Joint Resolution that we are discussing today goes right to the heart of the financial model. Had this legislation been in effect last year, it would have resulted in substantial lost revenue that cannot help but have a detrimental effect on our programming. Further, it would not be a one-time loss but rather a cumulative loss that we would experience annually.

As background, the Veterans Administration currently offers education benefits under seven main programs referred to as Chapters. In five of these Chapters, all the funds are paid directly to the veteran student in a monthly stipend that is not disclosed to the college. The Post 9/11 GI Bill – Chapter 33 program, under which most recent veterans are eligible, pays tuition cost directly to colleges plus paying the veteran student a monthly stipend and annual book allowance. Because we do not receive information about funds under the other Chapters, I will use Chapter 33 participants to illustrate how well federal programming already supports veterans' educational cost.

In 2012-2013, 159 veterans attended MMCC, with a split of 60 in-district veterans and 99 out-district. They generated over \$589,480 in tuition and fees, with \$403,467 representing out-district tuition revenue. Had that tuition been converted to in-district tuition, as the current resolution would require, our financial loss would have been approximately \$185,800.

But a further analysis shows that the effect of the in-district versus out-district tuition on the individual veteran is quite minimal, even without considering additional Chapters under which many veterans qualify. Of our veteran students last year, 89 qualified for Chapter 33 funding. Sixty of those students received sufficient funding to cover 100% of their tuition. Of the remaining 29 veterans, between 40% and 60% of their tuition was paid by Chapter 33 benefits. Our illustration also indicates that tuition was fully covered for an additional 17 veterans through a combination of benefits and other aid, such as Pell grants and institutional scholarships. Only 12 students were left with any tuition liability at all, at \$754 or less for the entire academic year. There was no significant difference between in and out district students with respect to this personal cost.

This trend has held true over the last two years in which we have tracked the data.

While there are many variables in any analysis, we can say with confidence that combined federal programs, including the Pell grant and veterans' education benefits as addressed through seven programs, are providing excellent tuition support for our veterans. I am asking you to be very diligent as you consider transferring this liability from the federal government to individual community colleges.

Why? Because \$185,800 means a great deal to an institution like MMCC, where we must practice frugality in order to effectively serve nearly 7,000 students on a \$28 million budget. Perhaps it would be

helpful if you could visualize the impact. May I direct your attention to the second handout? For MMCC, \$185,800 is the cost of two full-time faculty, one of our most precious resources. At community colleges, faculty focus solely on teaching and learning. They provide instruction, develop curriculum and assess outcomes to ensure our students are well prepared with the competencies needed in our increasingly complex, global society.

At MMCC, \$185,800 also represents the cost of three-fourths of our advising team. Our advisors develop individualized plans that meet students' unique needs, including the academic, social, emotional and career challenges that are commonplace with our demographic makeup. Three of MMCC's advisors are designated to serve veterans, ensuring they are well trained to provide the best information possible. One of these advisors is also responsible for developing other veterans' support programming, such as welcome luncheons and social, networking activities that can help orient veterans effectively to their new academic environment.

\$185,800 represents the cost of our entire Retention Team, three specialized advisors who address students' challenges as they progress through their classes. The team works in tandem with faculty who use an Early Alert System to notify the Retention Team of student performance issues. The retention advisors help students solve problems and point them to both internal and external resources that can support their continued success. Veterans would logically be a population the Retention Team assists, given the challenges veterans often face in functioning within a different and complex organization.

Nearly 68% of MMCC students need remediation in reading, and nearly 88% in math. These numbers often specifically reflect our non-traditional population, including veterans, who have not used their academic skills for some time. To remediate students so they can successfully advance through college-level coursework, we offer an extensive developmental program that provides more intensive instruction and more time on task. Such programs are effective but costly; \$185,800 represents nearly half the annual cost of our developmental program.

Veterans are among the population who find our health and technical programs especially appealing, because these programs emphasize hands-on learning techniques and pathways to high-demand, well-paid careers. Approximately 75% of our veterans select such programs; \$185,800 represents the annual cost of at least one of the following programs: welding, heating-refrigeration-air conditioning, machine tool, radiography, or physical therapist assistant.

But no matter what program veterans may select, it is inevitable that they will need additional assistance at some point in their academic program – most non-traditional students do. That is why MMCC offers Learning Support Services which include free tutors as well as math and writing labs for students in any course who need individual assistance with these foundational skills. \$185,800 represents one-half the annual cost of these supportive services.

Finally, we strive to keep tuition low while balancing out the combined impact of declining property values, state appropriations that reflect 1998 levels, and increasing costs of technical equipment and classroom technology. To fully replenish the revenue that would be lost under this resolution would require a 1.5% across-the-board tuition increase, which creates additional concerns for all other deserving students served by MMCC.

Thank you once again for the strong support community colleges have enjoyed from the legislature. I venture that your support recognizes our vital role in workforce development and economic

revitalization. We are all committed to filling the current skills gaps that are especially significant in the health and technical fields. We fulfill this mission while also representing a great value for all students, as a comparison of our out-district rates with the in-state rates for most public universities makes crystal clear.

On behalf of my fellow community college presidents and our respective Boards of Trustees, I ask you to consider alternative ways of honoring our veterans. For example, you may want to consider establishing a scholarship fund that would offset any out-of-pocket tuition expenses a veteran may bear after federal funds and locally designated scholarships have been applied. Or, you may consider amending the language so that community colleges commit to offering in-state tuition to veterans in a manner similar to the language proposed for our public universities.

Patriotism is a value we all hold dear. Fiscal responsibility is also a cherished value, especially at a time when postsecondary, affordable education is so critical to the ongoing strength of our state and our nation.

Please consider this resolution carefully so that we do not sacrifice one prized value in order to support the other.

Thank you for your time. I will be happy to address any questions you may have.

REVENUE IMPACT TO MMCC IF ALL VETERANS WERE CHARGED IN DISTRICT RATES

In 2012-2013, 159 veterans attended; 60 in-district, 99 out-district.*

	CREDIT HOURS	TUITION AND FEE REVENUE
IN DISTRICT	1299.5	\$186,013.25
OUT OF DISTRICT	1819.5	\$403,467.00

OUT OF DISTRICT CREDIT HOUR REVENUE	\$403,467.00
IF CHARGED AT IN DISTRICT RATE	\$217,667.00
LOSS OF REVENUE	(\$185,800.00)*

*This figure does not include veterans who attended MMCC but did not apply for VA Education Benefits or whose eligibility for benefits had expired. Therefore, this number represents the minimum impact on the institution.

ANALYSIS OF CHAPTER 33 VETERANS

The Veterans Administration currently offers Education Benefits under seven main programs referred to as Chapters. In five of these Chapters all the funds are paid directly to the veteran student in a monthly stipend that is not disclosed to the college. The Post 9/11 GI Bill - Chapter 33 program pays tuition cost directly to colleges plus paying the veteran student a monthly stipend and annual book allowance. In 2012/13 56% (89 students) attending MMCC received these benefits.

- Of the 89 veteran students, approximately 67% (60 students) received 100% tuition coverage.
- The remaining 29 veteran students had between 40% and 90% of their tuition paid by Chapter 33 benefits.

ANALYSIS OF CHAPTER 33 VETERANS RECEIVING LESS THAN 100% VA COVERAGE

IN DISTRICT	OUT OF DISTRICT
8 VETERANS	21 VETERANS
5 FULL COVERAGE WITH FREE AID RESOURCES (PELL GRANTS, ETC)	12 FULL COVERAGE WITH FREE AID RESOURCES (PELL GRANTS, ETC)
3 PAID AVERAGE CHARGES OF \$754 FOR THE YEAR**	9 PAID AVERAGE CHARGES OF \$668 FOR THE YEAR**

**4 of the 12 students without full coverage did not apply for Title IV aid

Mid Michigan Community College

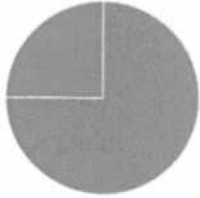
House Joint Resolution M (2013):

What does a revenue loss of approximately \$185,000 represent to our institution?



Two Full-Time Faculty

Community college faculty are dedicated to teaching, providing not only instruction, but also curriculum development and assessment that keeps learning relevant in our complex, global society.



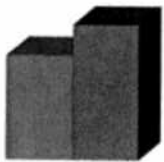
3/4 of Advisors

Advisors set students up for success by developing individual plans that recognize the academic, social, emotional and career challenges of students. Advising services are particularly important for veterans who often deal with complex issues. MMCC designates three advisors specifically for veterans' services.



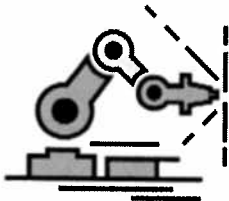
Retention Team

This three-person team works with students who experience difficulties throughout the semester. They often make the difference between success and failure for vulnerable students such as veterans. They help students solve problems related to academic or life challenges and point them to MMCC or external assistive resources.



1/2 of Developmental Program

Approximately 68% of MMCC students need remediation in reading and nearly 88% in math. Successful remedial programs are expensive, often requiring low student to instructor ratios and longer timelines for successful student progression into college-level coursework.



Technical Program

About 75% of veterans attending MMCC select health or technical programs that emphasize hands-on learning styles and that provide direct career paths to well-paid, high demand jobs. This revenue loss roughly equates to the cost of at least one of the following programs: Welding, HRA, Machine Tool, Radiography, PTA



1/2 of Learning Support Services

MMCC provides supplemental instruction free of charge - resources often essential to non-traditional students whose academic skills may be rusty. We offer math and writing labs for students in any course who need individual assistance with these foundational skills.



Tuition Increase

1.5% increase in tuition to replace lost revenue.

A Value Proposition

At an out-district rate of \$182 per contact hour, MMCC provides instruction and services at a great value, especially when compared to university costs as the following examples indicate:

	<u>Credit Hour Tuition</u>	<u>62 Credit Hours</u>
Mid Michigan Community College	\$182.00	\$11,284
Central Michigan University	\$374.00	\$23,188
Ferris State University	\$365.00	\$22,630
Michigan State University	\$428.75	\$26,583
Saginaw Valley State University	\$266.15	\$16,501
Grand Valley State University	\$435.00	\$26,970
Wayne State University	\$326.00	\$20,212
University of Michigan	\$466.00	\$28,892
Western Michigan University	\$355.00	\$22,010

(Tuition rates are for in-state freshman and do not reflect any fees.)

An Equity Issue

Mid Michigan Community College's in-district residents are taxed at a rate of 1.5 mills (reduced currently to 1.2232 mills due to the Headley roll-back) in support of the college, yielding about \$2.2 million in revenues each year. Out-district residents do not incur this tax.